

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: Governmental Oversight and Productivity Committee

BILL: SB 382

INTRODUCER: Senator Margolis

SUBJECT: Wellness Programs/State Employees

DATE: December 29, 2005 REVISED: 01/11/06

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Wilson	Wilson	GO	Fav/1 amendment
2.			HE	
3.			WM	
4.				
5.				
6.				

## Please see last section for Summary of Amendments

- ☐ Technical amendments were recommended  
☒ Amendments were recommended  
☐ Significant amendments were recommended

### I. Summary:

The bill defines specific elements to be included in age- and gender-based services provided by health maintenance organizations under contract to the state employee health insurance program. It also creates an advisory nine-member State Employee Wellness Council.

This bill amends section 110.123, Florida Statutes.

### II. Present Situation:

The State of Florida provides a comprehensive array of workplace benefits to its employees and their spouses and dependents. Full-time and part-time employees in established positions and retirees may choose between a Preferred Provider Organization (PPO) or from one of several Health Maintenance Organizations (HMOs) for their health insurance needs. Employees who are also eligible retired members from one of the branches of the United States Armed Services may choose a health care supplement (TRICARE) to complement their federal retiree benefits. The Department of Management Services, through its Division of State Group Insurance, negotiates all contracts with these providers. The providers, however, own their respective networks or are the direct contractors for service delivery.

The PPO is self-insured through the state treasury but privately managed. Blue Cross and Blue Shield of Florida, Inc., provides third party administration services for this option. Prescription drug coverage is provided under a separate contract with Caremark, Inc. A PPO is an indemnity-type plan in which the subscriber retains freedom of provider choice with the providing physician or entity in exchange for a personal obligation for co-payments up to a designated maximum threshold. An HMO is an insurance arrangement, rather than a health care entity, that arranges for the delivery of designated health care services either through its own personnel (a closed panel, staff model) or through other affiliated participating providers and institutions (community model) for a fixed, capitated fee.<sup>1</sup> HMOs are commercial entities and must provide their own insurance for extraordinary claims since direct access to the public treasury is not an option. PPOs tend to have wider geographic availability while HMOs do retain some geographic limitations. The State of Florida PPO has universal coverage through the state while none of the several participating HMOs under contract serves all 67 Florida counties.

“Wellness” is a term used in s. 110.123, F.S., but it is not otherwise defined. In a wider sense wellness has come to mean an array of health care services that focus on chronic disease management or lifestyle changes that have direct or indirect health outcomes. Some of these may be workplace based, as with blood pressure monitoring; home-based, as with changes to personal nutritional and portion control practices; or, more commonly, a combination of the two in which the employer provides subsidies or discounts with plan-affiliated vendors to achieve the same objectives. In this latter sense “wellness” is not part of the insurance contract *per se* but does serve the complementary objectives of provider and patient in the promotion of preventive techniques that stabilize employer compensation expenses, both direct benefit costs and compensated absences, and add to the quality of employee lives.

The PPO plan contains a feature called *Blue Complements* that provides access to the following discounted wellness services:

- Alternative therapies;
- Discounted vision care;
- Discounted hearing care and appliances;
- Laser correction of vision impairments;
- Discounted fitness or athletic club members;<sup>2</sup>
- Discounted bicycle helmets; and
- Discounted weight-loss management club memberships.

Each HMO decides individually how it will approach the concept of wellness. Below are listed the named wellness services provided by the participating HMOs and recorded on their respective web sites.<sup>3</sup>

AVMED: smoking cessation; weight management; live/recorded access to a health information service; and chronic disease management.

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<sup>1</sup> Section 641.19(12), F.S., defines a health maintenance organization in the insurance code as a prepaid, capitated health care plan providing an array of services directly or under contract for a fixed fee in a defined geographic area.

<sup>2</sup> Limited geographic accessibility.

<sup>3</sup> Accessible through [www.myflorida.com/dsgi](http://www.myflorida.com/dsgi).

CAPITAL HEALTH PLAN: chronic disease management specifically targeting diabetes and asthma; smoking cessation; weight loss; cholesterol/heart disease; newborn health care; nutrition; and cardio-pulmonary resuscitation (CPR).

FLORIDA HEALTH CARE PLANS: automated links to sponsored health information web sites; smoking cessation; osteoporosis management; diabetes management; weight management; nutrition management; asthma management; bariatrics and sponsored exercise.

TRICARE: weight loss; hearing; health screening.

UNITED HEALTH CARE: on-line/live health assessments and information; chronic disease management; nutrition; and discounted vision, dental, alternative, smoking cessation, long-term care, fitness, and weight management.

VISTA HEALTH PLANS: registration required; none listed.

Wellness benefits are broadly recognized as valuable adjuncts to health insurance plans and can stabilize the costs of an employer's direct benefits costs by reducing compensated absences, increasing productivity, and limiting the out-of-pocket expenses incurred by employees for health events that can be minimized by lifestyle changes. The term wellness is itself a named provision of 39 bills filed in the 109<sup>th</sup> Congress and 79 in the 198<sup>th</sup> Congress, some of which specifically target tax credits for sponsoring employers or target obesity control programs.<sup>4</sup> That same term is embedded in 20 different documents on the Department of Health's web site.<sup>5</sup>

In 2004, the Florida Department of Health sponsored a Secretary's Summit on Industry and Worksite wellness. That conference catalogued industry and governmental efforts directed toward obesity - a principal focus of wellness programs - and the collateral consequences that condition brings to home, school and workplace. The conference offered suggestions at targeting unhealthy behaviors that, left unaddressed, would drive employer benefit costs beyond affordable levels and cause the progressive deterioration of the health of succeeding generations of Floridians.

There are other, less direct statutory provisions that address other aspects of wellness, with both positive and negative inducements for compliance. Florida workers' compensation statutes provide for recognition of employer-sponsored workplace safety programs in rate setting.<sup>6</sup> Revisions to such workplace injury statutes over the years have come to emphasize rapid return-to-work programs that target avoidable workplace injuries and prompt treatment of incidents.

Section 316.614, F.S., makes it unlawful for an operator or passenger in the front seat of a motor vehicle to be unrestrained by a safety belt while the vehicle is in motion. A later provision of the

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<sup>4</sup> Accessible through [www.thomas.org](http://www.thomas.org).

<sup>5</sup> Accessible through [www.doh.state.fl.us/sitesearch](http://www.doh.state.fl.us/sitesearch).

<sup>6</sup> Section 440.1025, F.S.

section calls for a public awareness campaign by all units of government on the importance of safety restraints while traveling in a motor vehicle. Subsection (7) of that same section further provides that evidence of nonusage of a seat belt may be considered as evidence of comparative negligence in any subsequent civil action.

Section 627.65626, F.S., provides premium rebates for insurance plans that can demonstrate a majority of enrollees participate in organized wellness programs. The nominal indicators of measurement are specified to be smoking cessation, weight reduction, and body mass index.

A principal feature of the recently enacted Medicaid Choice program by the Florida Legislature is the development of preventive care programs for eligible low-income individuals.<sup>7</sup> For enrollees who take advantage of these services, and alter their lifestyles under physician guidance, there can be tangible monetary consequences through additional choices they will have in the selection of health benefits.

### **III. Effect of Proposed Changes:**

**Section 1.** The bill amends s. 110.123, F.S., to require that HMOs under contract to the state employee health insurance program provided enumerated age- and gender-based services. The named services include:

- Aerobic exercise;
- Education in alcohol and substance abuse prevention;
- Blood cholesterol screening;
- Health risk appraisals;
- Blood pressure screening and education;
- Nutrition education;
- Program planning;
- Safety belt education;
- Smoking cessation;
- Stress management;
- Weight loss; and
- Women's health education.

The section also adds a new subsection (13) to create a nine-member, gubernatorial appointed State Employee Wellness Council. The council has three specific duties:

- Encourage state employee participation in wellness programs and prepare informational actions on this topic;
- Develop standards for age-based and gender-based programs; and
- Recommend a "healthy food and beverage menu" for food outlets in buildings owned, operated or leased by the State of Florida.

**Section 2.** The bill takes effect July 1, 2006.

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<sup>7</sup> Section 409.91211; Senate Bill 2-B; Chapter 2005-358, Laws of Florida.

**IV. Constitutional Issues:****A. Municipality/County Mandates Restrictions:**

None.

**B. Public Records/Open Meetings Issues:**

None.

**C. Trust Funds Restrictions:**

None.

**V. Economic Impact and Fiscal Note:****A. Tax/Fee Issues:**

None.

**B. Private Sector Impact:**

There is no direct impact to the contract vendors that operate food service establishments in state agency occupied buildings as the recommendations of the council on a model healthy menu are not binding. This element could be a consideration in later negotiations of leases or subleases of such spaces where the State of Florida is the building owner.

The bill is nominally directed at HMOs not the PPO. As noted above, many, if not all of these service elements are contained in current practices of these providers and are available directly or by referral. As wellness programs under current law are not necessarily part of the insurance coverage arrangements, a provider may make arrangements for their provision at the expense of the insured outside of the contract reimbursements.

Employees enrolled in one of several pre-tax medical reimbursement or health savings accounts authorized under federal law may reduce their taxable expense for eligible services by paying for these items with pre-tax dollars.

Because the bill defines the components of a wellness program but does not mandate their provision as a part of covered and reimbursable services, no HMO is required to do anything differently. Providing links to such services or other reference materials at the employee's expense appears to satisfy this more detailed definition.

**C. Government Sector Impact:**

Wellness programs can have front-loaded effects but back-loaded benefits. Lifestyle changes require the passage of time for their effects to be fully realized. The changes also

may not necessarily be linear. A person may adopt an alternative, healthier lifestyle for which the tangible benefits may accrue principally to the employer, such as in reduced absenteeism and increased productivity.

The Wellness Council is directed to meet at least once per calendar quarter. Nominal travel and per diem for these meetings at \$500 per member equals \$18,000 annually. The Department of Management Services is directed to provide staff support. Absent any specific appropriation, the meeting costs will have to be assumed by the agency out of appropriated funds or, alternatively, assumed by the employers of the appointed members.

#### **VI. Technical Deficiencies:**

“Weight management” may be a preferable term to “weight loss,” as not all people affected by the consequences of weight abnormalities have that attributable to excess weight gain. Conditions such as anorexia nervosa, bulimia, AIDS, depression, diabetes, hepatitis, and many forms of cancer have weight loss as common signs and symptoms.

#### **VII. Related Issues:**

The Department of Management Services negotiates multi-year contracts with its provider HMOs. Passage of a statute will not necessarily cause the contracts to be amended prior to their normal expiration unless both contracting parties consent to the specification of different services and the incidence of payment.

As drafted, the bill applies only to the several HMOs and not the PPO.

It is possible to view wellness activities from three different, but complementary perspectives. *Structural wellness* redesigns the employer’s benefit offerings to emphasize healthier lifestyles, more efficient access, or more preventive measures. *Programmatic wellness* provides employees with choices that may be advocated by the employer, but are principally off-site. And *financial wellness* advocates use of tax-sheltered or discounted benefit offerings to make the employee’s purchasing power achieve the maximum impact of employer-provided benefit dollars and tax-sheltered earned income.

## **VIII. Summary of Amendments:**

### **Barcode 104220 by Governmental Oversight and Productivity:**

Expands application of the wellness activity to all health plans under state contract.

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This Senate staff analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

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